(b) whether any detailed list has been prepared of the total investment of all central financial institutions in major tobacco and liquor companies;

(c) if so, the details of holdings by each financial institutions in these sectors;

(d) whether it would be financially gainful to Government to off-load certain proportion of stocks to raise liquidity for core sector projects; and

(c) the steps proposed to be taken in this direction?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (BANKING, REVENUE AND INSURANCE) (SHRI KADAMBUR M.R. JANARTHANAN): (a) to (c) The information is being collected and will be laid on the Table of the House to the extent available.

Excessive Dependence on FDI

1742. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government are relying heavily on foreign Direct Investment to show a favourable foreign exchange position;

(b) whether it is also a fact that foreign exchange from exports is not sufficient to maintain the existing balance of payments situation;

(c) what impact the excessive dependence of FDI would have on the economy, particularly with regard to future dividend payments;

(d) whether Government would review the whole edifice of FDI at this stage to protect the economy; and

(e) the steps proposed to be taken in this regard?

THE MINISTER OF FINANCE (SHRI YASHWANT SINHA): (a) and (b) The overall balance of payments position depends not only on exports and inflows of foreign investment but also on the balance under invisibles and other capital flows. Available information indicates that the net surplus under invisibles continues to remain buoyant while in the capital account, inflows of US $ 4.2 billion under the Resurgent India Bonds (RIB) have supplemented normal sources of external firiances. As a result the foreign currency assets have increased (excluding gold and SDR) by US $ 516 million in the current year up to November 27, 1998 to reach a level of US $ 26.5 billion.

(c) to (e) The capital account of balance of payments comprises both debt creating flows (in the forms of commercial borrowings etc.) and non-debt creating flows (in the form of FDI etc.). While debt creating flows lead to periodic outflows of foreign exchange on account of interest payments and principal repayments irrespective of the viability of the projects, foreign direct investment (FDI) leads to outflows of foreign exchange on account of dividends only if the projects are profitable. Moreover, FDI inflows bring along with them advance technology and international management practices which are beneficial for India. Accordingly, since 1991 the Government has taken measures for promoting foreign direct investment in the country to have healthy mix of debt and non debt creating capital flows and to ensure a viable external account.

Credit Deposit Ratio in Manipur

1743. SHRI W. ANGOU SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the Credit Deposit Ratio (CDR) i.e. per capita credit disbursement for Manipur is the lowest in the country;

(b) the Credit Deposit Ratio/per capita credit disbursement of the country, Statewise; and